

Message Text

CONFIDENTIAL

PAGE 01 STATE 167135
ORIGIN PM-05

INFO OCT-01 AF-10 NEA-11 ISO-00 SSO-00 NSCE-00 INRE-00
SS-15 SP-02 CIAE-00 INR-10 NSAE-00 ACDA-12 MCE-00
AID-05 L-03 TRSE-00 H-01 OMB-01 /076 R

DRAFTED BY PM/SAS:COCECIL:RF
APPROVED BY PM - RAERICSON
AF/E - KWAUCHOPE
NEA/ARP - BBODINE
DOD/DSAA - RVIOLETTE
-----117899 302315Z /61

O 302158Z JUN 78
FM SECSTATE WASHDC
TO AMEMBASSY KHARTOUM IMMEDIATE
INFO AMEMBASSY JIDDA IMMEDIATE
SECDEF WASHDC IMMEDIATE 0000
AFAFC/SAAC LOWRY AFB IMMEDIATE
HQ USAF WASHDC IMMEDIATE

C O N F I D E N T I A L STATE 167135

E.O. 11652:GDS

TAGS: MASS, SU, SA

SUBJECT:F-5 LOA'S

REF: STATE 163632

1. AMBASSADOR IS AUTHORIZED TO PRESENT LETTERS OF OFFER
MENTIONED REFTEL.

1. AT TIME OF PRESENTATION, YOU SHOULD STATE THAT FROM THE
OUTSET, THE PROPOSED SALE OF F-5'S TO SUDAN HAS BEEN BASED
ON THE PRESUMPTION THAT PROGRAM EXPENSES WOULD BE PAID BY
SAUDI ARABIA, AND THAT BEFORE PROCEEDING TO IMPLEMENT THESE
CONFIDENTIAL

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PAGE 02 STATE 167135

CASES IT IS NECESSARY THAT WE HAVE WRITTEN EVIDENCE, PRO-
VIDED BY SAUDI ARABIA, OF ITS WILLINGNESS TO GUARANTEE
PROGRAM COSTS.

3. WE BELIEVE THAT A LETTER FROM THE SAUDI ARABIAN
MINISTER OF DEFENSE (OR FROM CROWN PRINCE FAHD, SHOULD THE
SAUDIS SO CHOOSE), IN RESPONSE TO A SUDANESE REQUEST FOR

THE GUARANTY, IS THE MOST EFFECTIVE WAY OF MEETING THIS REQUIREMENT. YOU SHOULD PRESENT TO GOS OFFICIALS, AT THE TIME OF PRESENTING THE LOA'S, THE TEXT OF THE FOLLOWING LETTER, WHICH WHEN SIGNED BY THE APPROPRIATE SAUDI OFFICIAL, WILL CONSTITUTE THE REQUIRED GUARANTY; QUOTE:

LIEUTENANT GENERAL ERNEST GRAVES DIRECTOR, DEFENSE SECURITY ASSISTANCE AGENCY, WASHINGTON, D.C. 20301
DEAR GENERAL GRAVES: THE KINGDOM OF SAUDI ARABIA HEREBY UNCONDITIONALLY GUARANTEES FULL PAYMENT OF ALL DEFENSE ARTICLES AND SERVICES PROVIDED PURSUANT TO FOREIGN MILITARY SALES LETTERS OF OFFER ACCEPTED BY THE DEMOCRATIC REPUBLIC OF SUDAN FOR A PROGRAM OF 12 F-5 AIRCRAFT, INITIAL SUPPORT, FOLLOW-ON SUPPORT, AND TRAINING -- A PROGRAM ESTIMATED TO COST \$200 MILLION OVER A THREE-YEAR PERIOD. SHOULD IT APPEAR THAT THIS LEVEL WILL BE EXCEEDED, CONSULTATION AMONG THE PARTIES WOULD BE REQUIRED. A LETTER OF CREDIT IN THIS AMOUNT IS BEING ESTABLISHED IN THE (NAME OF U.S. BANK) SPECIFYING THAT WITHDRAWALS ARE TO BE MADE BY THE DIRECTOR, SECURITY ASSISTANCE ACCOUNTING CENTER, ON A QUARTERLY BASIS AS FUNDS ARE REQUIRED TO COVER SHIPMENTS FROM STOCK OR SERVICES RENDERED OR TO MAKE PAYMENTS REQUIRED BY CONTRACTS UNDER WHICH ITEMS ARE BEING PROCURED AND FOR ANY DAMAGES AND COSTS THAT MAY ACCRUE FROM CANCELLATION OF FOREIGN MILITARY SALES CASES ACCEPTED BY THE DEMOCRATIC REPUBLIC OF SUDAN ON THIS F-5 PROGRAM. THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 167135

DIRECTOR, SECURITY ASSISTANCE ACCOUNTING CENTER, IS NOT AUTHORIZED TO MAKE WITHDRAWALS FROM THIS LETTER OF CREDIT FOR ANY OTHER PURPOSE WITHOUT THE WRITTEN CONSENT OF THE KINGDOM OF SAUDI ARABIA. SINCERELY, (SAUDI ARABIAN MINISTER OF DEFENSE). END QUOTE.

4. IF YOU DEEM IT USEFUL, YOU MAY AT THE SAME TIME PROVIDE THE SUDANESE WITH THE TEXT OF THE FOLLOWING LETTER WHICH WE PROPOSE THEY SEND TO THE SAUDI MINISTER OF DEFENSE (OR TO CROWN PRINCE FAHD IF THEY CHOOSE) TO EXPLAIN THE GUARANTY REQUIRED. OUR INTENTION IN PROVIDING THIS DRAFT IS MERELY TO ASSIST THE SUDANESE IN EXPLAINING TO THE SAUDIS OUR NEED FOR A GUARANTY. WE DO NOT CARE IF SUDANESE CHOOSE TO CONVEY THIS REQUEST ORALLY RATHER THAN IN WRITING; WE DO, HOWEVER, NEED WRITTEN REPLY FROM SAG QUOTED PARA 3, AND WE EXPECT SUDAN TO OBTAIN SAUDI REPLY AND PRESENT IT TO US. TEXT OF BODY OF PROPOSED LETTER FOLLOWS, QUOTE: HIS ROYAL HIGHNESS, PRINCE SULTAN BIN ABD AL-AZIZ AL SAUD, MINISTER OF DEFENSE AND AVIATION AND INSPECTOR GENERAL, RIYADH, SAUDI ARABIA. YOUR ROYAL HIGHNESS: THE DEMOCRATIC REPUBLIC OF SUDAN HAS REQUESTED THE UNITED STATES DEPARTMENT OF DEFENSE TO PROVIDE FOREIGN

MILITARY SALES LETTERS OF OFFER FOR A PROGRAM OF 12 F-5 AIRCRAFT, SUPPORT, AND TRAINING. THE UNITED STATES DEPARTMENT OF DEFENSE ESTIMATES THAT THIS PROGRAM WILL COST \$200 MILLION OVER A THREE YEAR PERIOD AS FOLLOWS:

CALENDAR YEAR 1978 \$50 MILLION
CALENDAR YEAR 1979 \$100 MILLION
CALENDAR YEAR 1980 \$50 MILLION

BEFORE THE UNITED STATES DEPARTMENT OF DEFENSE CAN IMPLEMENT THIS PROGRAM THE ATTACHED LETTER IS REQUIRED FROM THE KINGDOM OF SAUDI ARABIA STATING THAT THE KINGDOM GUARANTEES PAYMENT FOR THIS PROGRAM. TO FACILITATE SUCH PAYMENTS, THE UNITED STATES GOVERNMENT RECOMMENDS THAT
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 167135

THE KINGDOM OF SAUDI ARABIA OPEN A COMMERCIAL LETTER OF CREDIT IN A UNITED STATES BANK PROVIDING FOR WITHDRAWALS BY THE DIRECTOR, SECURITY ASSISTANCE ACCOUNTING CENTER OF THE UNITED STATES GOVERNMENT ON A QUARTERLY BASIS AS FUNDS ARE REQUIRED TO MAKE PAYMENTS FOR DEFENSE ARTICLES AND SERVICES ON THIS F-5 PROGRAM. THE UNITED STATES DEPARTMENT OF DEFENSE WILL NOT WITHDRAW FUNDS FROM THIS LETTER OF CREDIT TO FINANCE ANY DEFENSE ARTICLE OR SERVICE NOT SPECIFICALLY ASSOCIATED WITH THE PROCUREMENT OF 12 F-5 AIRCRAFT, SUPPORT, AND TRAINING FOR THE DEMOCRATIC REPUBLIC OF SUDAN. ACCEPT, YOUR HIGHNESS, THE RENEWED ASSURANCES OF MY HIGHEST CONSIDERATION. SINCERELY,
(SUDANESE SIGNATURE) END QUOTE.

5. SUDANESE SHOULD SIGN THE F-5 LOA'S PRIOR TO THE EXPIRATION DATE INDICATED ON THE LOA'S. SAUDI PAYMENT GUARANTY MAY BE PRESENTED TO USG SUBSEQUENT TO SIGNING LOA'S BUT LOA'S WILL NOT BE IMPLEMENTED UNTIL RECEIPT OF SAUDI GUARANTY.

6. IF SUDANESE FIND ABOVE APPROACH TO SAG OBJECTIONABLE, YOU SHOULD SEEK FURTHER INSTRUCTIONS. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FIGHTER AIRCRAFT, MILITARY SALES
Control Number: n/a
Copy: SINGLE
Draft Date: 30 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE167135
Document Source: CORE
Document Unique ID: 00
Drafter: COCECIL:RF
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780271-0704
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978061/aaaaaaxl.tel
Line Count: 158
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b4ff067c-c288-dd11-92da-001cc4696bcc
Office: ORIGIN PM
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 STATE 163632
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2130442
Secure: OPEN
Status: NATIVE
Subject: F-5 LOA\S
TAGS: MASS, SU, SA
To: KHARTOUM
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/b4ff067c-c288-dd11-92da-001cc4696bcc
Review Markings:
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